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US Aid, US educated Leaders and Economic Ideology

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Abstract

The Unites States (US) openly promotes its economic ideology of free-markets through foreign aid. It also regards foreign education in the US as a way of spreading its own ideas and values among the elite in developing countries. US educated aid recipient country leaders may thus receive more US aid, if they share both the cultural values and economic ideology of the US. I test this hypothesis using a panel fixed-effects regression model for 896 leaders and 143 countries over the period from 1981 to 2010. I address self- and donor-selection biases by including leader fixed effects in the regression analysis, in addition to the country and year fixed effects. In result, I find that, on average, the US allocates 30 percent more bilateral aid to US educated leaders with right-leaning political beliefs compared to those with left-leaning political beliefs. Heterogeneity analysis reveals that these findings are driven by right-leaning US leadership.

JEL: F35, F54, P16, D72

Keywords: US aid; US educated leaders; economic ideology; aid allocation

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1. Introduction

The allocation of foreign aid is often motivated by the economic and strategic interests of the donor countries as shown by McKinlay and Little (1977). The empirical literature on aid allocation suggests that countries with higher income levels receive less aid, while smaller countries receive relatively more aid per capita. France allocates most of its aid to its former colonies, the US and Japan based on their strategic interests and Nordic countries on the needs of the recipient countries (Alesina and Dollar 2000, Berthélemy 2006). In terms of merit-based aid, the literature suggests that higher levels of democracy may lead to more aid (Bermeo 2011). In terms of strategic aid, the research shows that a country's membership in the United Nations Security Council and voting in line with the United Nations General Assembly (UNGA) may lead to more aid in the short term (Kuziemko and Werker 2006; Dreher et al. 2008).

In particular, the study by Mckinlay and Little (1977) examines various models that would explain US motives when allocating aid. It suggests that aid can be seen as a dimension of imperialism, where powerful states employ various strategies to maintain their status-quo. Based on this concept, several empirical studies analyze the strategic patterns of aid allocation during and after the Cold War (Boschini and Olofsgård 2007; Clist 2011), such as having a communist neighbor, and hosting US troops (Meernik, Krueger, and Poe 1998). Other studies examine whether the political ideology of a donor country along the liberal-conservative spectrum determines the allocation of aid (Brech and Potrafke 2014; Potrafke 2009; Lskavyan 2014; Dreher et al. 2015b; Milner and Tingley 2010; Goldstein and Moss 2005). Some of these empirical findings suggest that right-leaning US politicians are more strategic (Milner and Tingley 2010) and give more aid along these lines (Goldstein and Moss 2005). Others, however, do not come to the same conclusion (Thérien and Noel 2000). Although Scandinavian countries are generally considered to focus more on humanitarian needs rather than strategic interests, Schraeder et al. (1998) find evidence on the contrary. They show that Swedish aid promotes a pro-socialist ideology and trade in those countries where it can have the most impact, which trumps its humanitarian motives. In the case of the US, Lskavyan (2014) shows that left-leaning recipients tend to receive more aid under left-leaning US governments. In addition, Gaibulloev and Younas (2017) show that during elections years donors, on average, allocate more aid in grants and loans to their politically aligned administrations independent of recipients' income level. Thus, the research shows that the strategic and ideological motives of donors go hand in hand with the economic and humanitarian motives of aid allocation.

Based on donor-interest models, one could argue that more aid allocation to leaders educated in the donor country might help to establish successful bilateral relations and win allies. Dreher and Yu (2016) test a similar hypothesis in terms of support in the UNGA voting, but do not find any statistically significant evidence suggesting that US educated leaders vote more in line with the US on the key (important) issues. In contrast to Dreher and Yu (2016), I look at US aid allocation rather than UNGA voting patterns and hypothesize that not only is it necessary to have a US education, but also leader's ideology needs to match with US economic ideology (capitalism) in order to attract more US aid. As Harrigan and Wang (2011, 1283) state, in "donor-interest based models the ultimate purpose for giving aid is to help spread donor values and ideas, such as capitalism, and more recently globalization." That is, when US educated leaders also share the ideology of liberal markets and capitalism, then the probability of winning allies becomes more realistic for the US, which can lead to the allocation of more US aid to these leaders.

I study the case of the US because it openly promotes its economic ideology (free markets) in its development aid policies in contrast to other donors such as the United Kingdom or France. Hence, it is more likely that US aid allocation decisions depend on the "right" values and economic ideology of the aid recipient leaders controlled for other self-interest motives, such as trade (Berger, et al. 2013, Younas 2008), geopolitics (Kuziemko and Werker 2006) need and merit of recipient countries (e.g. income, population, institutions). One could also argue that additional aid allocated to right leaders, may also depend on her or his personal connections with US politicians. Since both the conservative US politicians and the right US-educated leaders are likely to be part of the elite and study in ivy league universities in the US, this is quite plausible.[2] In this case, one would also expect the increase in the US aid to be long-term rather than short term, assuming personal connections are not degrading over time.

Why is US education important? The US government is very open with its motivation to spread its own ideas and values via educational exchange programs (e.g. Fulbright fellowships), specifically designed to educate future world leaders and promote the *mutual understanding* between US nationals and the rest of the world. Therefore, US educated leaders are regarded as potential allies.

Hence, in this paper, I hypothesize that US educated leaders are more likely to receive more US aid if they believe in the dominant economic ideology of the US, i.e. liberal markets and capitalism. According to the European definition of left-right politics and economic ideology, those supporting liberal markets and capitalism (neoliberalism) are on the right and

[2] I thank an anonymous referee for this point.

those supporting state intervention and redistributional policies (welfare state) are on the left. Thus, I expect leaders with a 'right' ideology and US education to receive more US aid than leaders with a 'left' ideology and US education. Moreover, I expect the US to use aid as 'carrots and sticks' specifically aimed at US educated left/right leaders because of the higher expectation of acquiring potential allies among them.[3]

I test my hypothesis using a panel data set of 143 countries and 896 aid recipient leaders covering the period from 1981 to 2010. The empirical findings show that the US government commits 30 percent more bilateral aid to right-leaning US educated leaders compared to the left-leaning US educated leaders. The results are stronger in the case of Latin America; in the first year of a switch from a non-US to a US educated leader, and are driven by the right leadership (Republicans) in the US. These findings contribute to the donor-interest based models and shed more light on the politics of US aid.

The paper is organized as follows. Section 2 presents the conceptualization of the hypothesis together with the discussion of the literature on the motives of aid allocation. Section 3 provides details on the data and descriptive statistics on US educated leaders and US aid allocation. The identification strategy is presented in section 4 and the results are provided in section 5. Section 6 concludes.

2. Ideology, US education and US aid

Throughout its history, US development assistance has shifted its objectives and paradigms many times. Initially, in the 1950s USAID's main objectives were to fight communism and spread capitalism, while in the 1970s the focus shifted towards a human needs approach and poverty alleviation. In the 1980s it started to support free-markets in the aid recipient countries (i.e. Washington Consensus wave). After the collapse of the Soviet Union in the 1990s, US foreign aid was aimed at assisting "functioning democracies with open, market-oriented economic systems and responsive social safety nets." As stated on the official website of USAID "Today, USAID staff work in more than 100 countries around the world with the same overarching goals that President Kennedy outlined 50 years ago – furthering America's foreign policy interests in expanding democracy and free-markets while also extending a helping hand to people struggling to make a better life, recover from a disaster or striving to live in a free and democratic country."[4] The USAID website also explicitly states that its aid to other countries is an integral part of supporting US national

[3] The left-right ideologies in the US do not necessarily follow the European definition as both of them are promoting liberal markets, however those on the left (Democrats) are more likely to support redistributional policies and state intervention as those on the right (Republicans).

[4] Link to the source of information from the USAID website https://www.usaid.gov/who-we-are/usaid-history.

interests internationally. Hence, it is unequivocal that the promotion of free-markets and the protection of US values have long been one of the main objectives of US aid. This paper explores one of the channels of exactly how the US follows through with this objective.

USAID also has an objective to "invest in people" in developing countries. Therefore, the US provides several government funded educational (exchange) programs and scholarships for the citizens of aid-recipient (target) countries to study in the US and learn about its culture and institutions. For instance, the Freedom Support Act (Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992) was designed to help Central Europe and the newly independent states of the former Soviet Union to experience the values of democracy and liberal markets through student visit (exchange) programs (Tarnoff and Lawson 2016). As noted in the report by an Association of International Educators, international students are seen as a great reserve of goodwill for the US because by hosting foreign students, the US generates appreciation for its political values and institutions (AIE 2003, p.5).[5] Unofficial sources, such as diplomatic cables released by WikiLeaks, also disclose that the US government seeks to find allies among US educated active citizenry in foreign countries. For example, in a confidential communication to the US Embassy in Azerbaijan that was requesting information on the elites within the country's government, the US government representative asks if "within the Azerbaijani group AAA (an association of alumni from US universities), are any members reform-minded and particularly effective?" (Matthews 2012).

Nye (2004) argues that US ideas and values exported "in the minds of more than half a million foreign students" studying every year in the United States and then returning to their home countries, will reach the elites in power in many of these sending countries and positively affect the bilateral relations. Since some elites themselves are educated in a donor country, they themselves may take-on spreading these values in the home country such as democracy (Mercier 2016, Gift and Krcmaric 2015). In 2001, the United States Secretary of State, Colin Powell, made a formal statement that the friendship of US educated world leaders is a "valuable asset" for the country.[6] Hillary Clinton, the United States Secretary of State from 2009-2013, known for her "Smart Power" approach in foreign affairs, released the following statement in April 28, 2013: "We must use what has been called smart power: the full range of tools at our disposal – diplomatic, economic, military, political, legal and cultural

[5] Association of International Educators is the world's largest nonprofit association dedicated to international education and exchange. Its 10,000 members are located at more than 3,500 institutions worldwide, in over 150 countries. It is historically referred as NAFSA: National Association of Foreign Students Advisors.

[6] "Statement on International Education Week 2001." Department of State. August 7, 2001. Washington D.C.

– picking the right tool, or combination of tools, for each situation."[7] In one of her interviews in 2009, she emphasized educational exchange as a key component of American Smart Power.[8]

In fact, some US-graduated world leaders have been close allies of the United States. For example, the President of Liberia, Ellen Johnson Sirleaf (MPA, Harvard University '71), the President of Panama, Ricardo Martinelli (Business Administration, University of Arkansas '73) and the Prime Minister of Egypt, Essam Sharaf (Ph.D. in civil Engineering Purdue University '84). Nevertheless, others have rather cold relationship with the United States, for instance, the President of Ecuador, Rafael Correa who has a Ph.D. in Economics from the University of Illinois at Urban Campaign '01 (Friedman and Pavgi 2011).

Although there is evidence suggesting that citizens and recipient country leaders educated in a western country are likely to carry the values of the host country back home (Spilimbergo 2009, Gift and Krcmaric 2015, Mercier 2016), Dreher and Yu (2016) do not find a clear pattern for American educated leaders' support of American interests in the UNGA voting. Hence, there is no reason to assume that leaders educated in the US are US allies by default. Nevertheless, a leader's education in the US might signal the potential for friendship and attract more US aid conditional on an ideological similarity.

Moreover, the literature shows that country's fiscal, economic and political performance (Hicks, Hicks and Maldonado 2016, Hayo and Neumeier, 2014, Dreher and Jensen 2013, Jones and Olken 2005) depends on certain characteristics and background of leaders. Moreover, it shows that the field of study may also influence shaping of leader's economic ideology (Fischer, et al. 2017), and leaders that studied in western democracies are more likely to bring democratic values back home (Mercier 2016, Gift and Krcmaric 2015). The United States is a western democratic country characterized with liberal markets and reliance on individual effort rather than the state (Kohut 2011), which are characteristics associated with right-leaning economic ideology. In line with the theories of Spilimbergo (2009) and Mercier (2016) as well as Nye's (2004) "Soft Power" concept, US government leaders may perceive US educated recipient country leaders as potential allies that share common cultural and economic values. This perception may lead US government to allocate more aid to US educated leaders with shared ideological values compared to those who do not share the same values with the US. However, since economic ideology can also be observed,

[7] Factsheet, Department of State, Bureau of Public Affairs. April 28, 2013. Washington D.C. http://www.state.gov/r/pa/pl/162247.htm

[8] A Conversation with US Secretary of State Hillary Rodham Clinton." *CFR.org*. Council on Foreign Relations, 15 July 2009. Accessed: 10 June 2015.

US government will particularly allocate more aid to US educated right leaders and the least aid to US educated left leaders.

Thus, the main question in this study is: Does US education and economic ideology of recipient country leaders matter for bilateral US aid allocations? There exist several channels on how this can matter, positively or negatively. For example, the US may want to support free-markets globally to widen its commercial interests (Berger et al. 2013) and right-leaning US educated leaders would be 'natural' partners in this. Or it might be easier for the US to buy support for its policies via aid (De Mesquita and Smith 2009) specifically from US educated leaders with an aligned ideology, as they may have more sympathetic views on these policies (Chwieroth 2012). On the other hand, US educated leaders with a shared liberal economic ideology may be able to negotiate more effectively with US government officials and lock in more aid from the US.[9] But it could also be the case that education in the US transmits values and ideas, which work in the opposite direction when leaders return home as they have to support their own economic and national interests back home, and this can be in contradiction with US foreign policy interests (Dreher and Yu, 2016). It is also possible that leaders may seek an American education only for the sake of prestige or quality, at the same time rejecting American ideas, values and foreign policies. In this case, leaders can also reject American intervention in their own economy and refuse their aid. Thus, there could be multiple channels and directions on how this relationship may work. In the next section, I present data and descriptive statistics on US educated leaders and US-aid allocation.

3. Data on Foreign Education, Aid and Ideology

In this paper, US bilateral aid is defined as Official Development Assistance (ODA) commitments from the US to recipient governments in current US dollars. The data is generated from the OECD Aid Statistics, covering the period from 1966 to 2014. During this period, some countries have stepped down as aid recipients (South Korea, some eastern European states) and some have stepped in (post-Soviet economies and other newly independent states). I include all aid recipient countries with data availability listed in the Development Assistance Committee (DAC) member list.

The World Bank Database of Political Institutions (DPI) (Beck et al. 2001) provides data on the ideological orientation of governments' economic policies and extends as far back as 1975 until 2012. This paper uses the variable of *party orientation of the chief executive*

[9] Schraeder, Hook and Taylor (1998) examine Swedish aid and find that it is strongly motivated by pro-socialist ideology and trade benefits aimed at countries where the Swedish impact can be large rather than in response to humanitarian need.

(hereafter leader) in respect to economic policy ("EXCERLC"), which is defined in the following way:

First, the party orientation of chief executive in terms of economic policy is coded as 'right', 'left' and 'center' based on party descriptions from the following sources: party website, Political Handbook, Agora, Political Parties of Africa and the Middle East, and Political Parties of Eastern Europe and the Successor State. Second, if not explicitly stated, parties that describe themselves as conservative, Christian democratic or right-leaning are coded as 'right'. Parties that describe themselves as socialist, social-democratic, communist or left-leaning are coded as 'left'. When the party description resembles centrist ideology, for example, if a party promotes entrepreneurship in a socially-liberal context, then the party is coded as 'center'. In addition, when certain terms are used in party descriptions, such as 'liberal', 'progressive', 'authoritarian' or 'xenophobic', in the case of former the party is coded as 'right' (the European definition) and in the case of the last three as 'authoritarian'. Third, in cases where there is an evidence that the chief executive considerably deviates from the party orientation "(e.g. austerity policy of a socialist / social democratic party)", the chief executive's orientation is recorded in the database not the party's. Same is in the case when the executive is independent. In the dataset, those parties that are coded to have 'no orientation', I code them as 'authoritarian' as these are then de facto monarchies or one-party states.

DPI ideology data are frequently used by political scientists and economists (Dutt and Mitra 2005, Mukherjee et al. 2009, Ha 2012). Beck et al. (2001) compare their codings with the those in Huber and Inglehart (1995) and find it to be the same in the vast majority of cases, see Keefer (2012). Dreher et al. (2015a) compare the "EXCERLC" variable with Comparative Parties Data Set (Swank 2009) and with the Comparative Political Data Set from Armingeon et al. (2011) and find them to be significantly correlated at the one percent level.

In addition, I compare the DPI coding for chief executive's ideology with the voting pattern of DW-nominate (and the party affiliation) and find the coding to be the same. Since DW-nominate is available only for the US, the comparison is also only for the US leaders (see Table A3 in the appendix).

Dreher and Yu (2015) have extended the Archigos 2.9 database of political leaders with additional information on the foreign education of leaders. The database includes information on a leader's foreign education and is available from 1840 to 2010.

Data for additional explanatory variables, such as GDP per capita and population are derived from the World Development Indicators (WDI). Data on voting patterns in the United

Nations Assembly is from Dreher and Sturm (2010), which extends from 1980 until 2008. Data on trade is from the Correlates of War project as well as from the WDI. More details on the data's definitions and sources are provided in the appendix, Table A1.

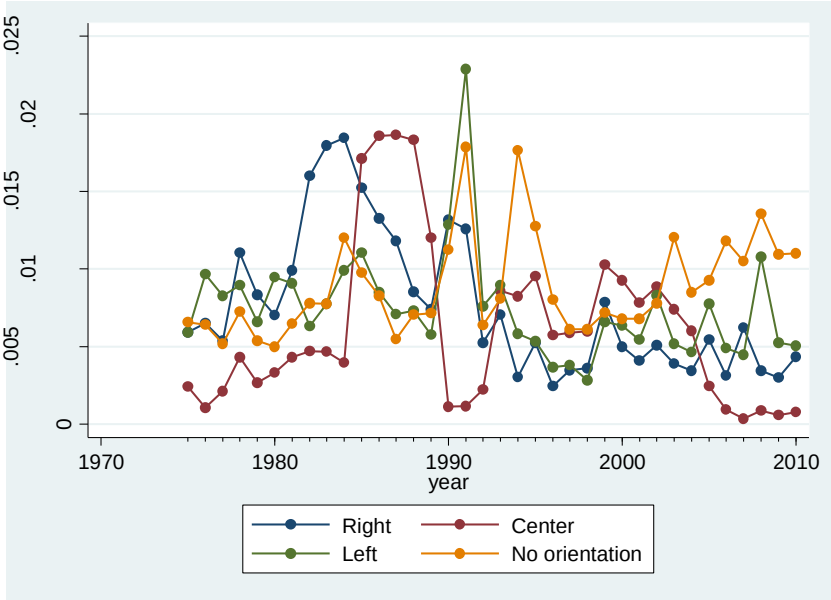
In Figure 1, I plot data on US aid against the ideology of aid-recipient leaders over time. It shows that in the last decade of the Cold War period, mostly right-leaning and centrist governments received US aid, while the pattern is somewhat reversed in the late 2000s, where authoritarian governments tended to receive more US aid as a percentage of their GDP. In addition, US aid peaked for leftist and authoritarian governments at the time of the Soviet collapse. This is driven by the newly independent states that emerged from the collapse, which are coded as 'authoritarian' in the beginning of the period. [10]

Figure 2 depicts where aid-recipient country leaders have been educated. It shows that among 896 leaders in the sample, fifty percent have been education in a foreign country and fifty percent have only a domestic education. Among the foreign educated, about 15 percent are educated in the United States, about 12 percent in the UK and roughly 7 percent in France.[11] The rest of the fifty percent foreign educated studied in the Soviet Union, India and other developed and developing countries. It can be observed that the US is by far the largest educational host. Figure 3 shows that in terms of regional origin; most of the US educated leaders are from the Latin America.

Table 1 provides a comparison of the results from the t-tests on the differences between US- and non-US educated leaders. It shows that US educated leaders receive, on average, 5 percent more aid as a share of GDP than non-US educated leaders. In terms of economic ideology, US educated leaders tend to be more right-leaning, compared to non-US educated leaders; however, the difference is not statistically significant at conventional levels. US educated leaders have, on average, one more year of schooling, the countries they lead have a higher democracy score, they import more from the US and vote more in line with the US. The GDP growth rate and GDP p.c. of countries with US educated leaders is higher; however, only in terms of GDP p.c. is it statistically significant at the ten percent level. These observable differences between US and non-US educated leaders are included in the regression analysis. The next section presents the estimation strategy.

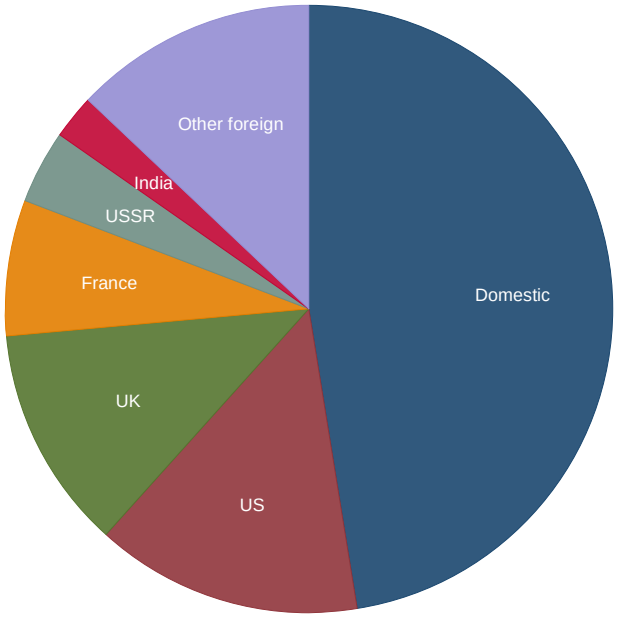
[10] See Table A2 in the appendix for the list of countries and periods that are coded as 'authoritarian'.
[11] There are leaders who have been educated in multiple countries.

Figure 1 – Correlation between US aid and the recipients' economic ideology



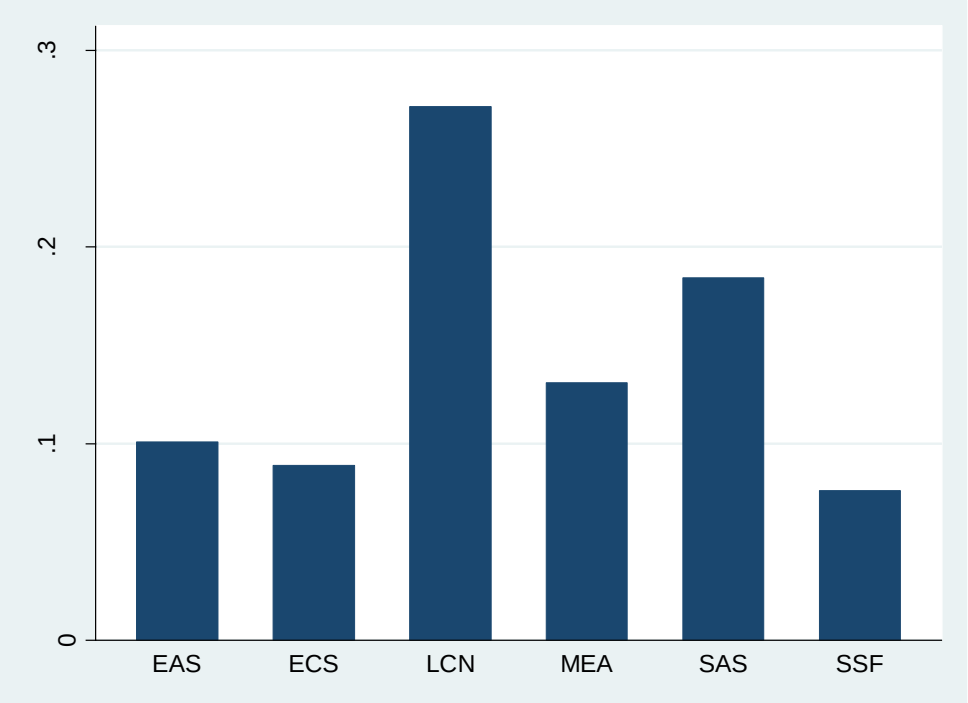
Note: The graph shows US aid as percent of GDP by recipient's economic ideology over time. For example, the blue line shows US aid committed to recipients with right ideology, as percentage of their GDP from 1970 to 2010.

Figure 2 – Shares of foreign and non-foreign educated leaders in the recipient countries



Note: More than 50 percent of leaders in the sample have foreign education, out of which about 14 percent are educated in the US; about 12 percent are educated in the UK and about 7 percent in France. The rest of foreign educated leaders have been educated in USSR, India and other countries.

Figure 3 – The home region of US educated leaders



Note: EAS denotes East Asia; ECS: Europe (Eastern) and Central Asia; LCN: Latin America. MEA: Middle East; SAS: South Asia; SSF: Sub-Saharan Africa.

Table 1 – Mean group comparison tests for US and non-US educated leaders

Variables	Educated outside of the US		US educated		
Stats	Obs	Mean	Obs	Mean	Difference
US aid/GDP	4407	0.01	649	0.01	-0.01***
Ideology	4078	1.22	568	1.11	0.11
Education level	5057	5.67	668	6.76	-1.10***
GDP growth	4324	4.14	642	4.25	-0.12
GDP p.c. (log)	4404	6.95	649	7.10	-0.15*
Unified Democracy	5010	-0.31	668	0.06	-0.37***
War dummy	5062	0.07	668	0.09	-0.02
Imports from US (log)	4840	4.55	636	5.96	-1.41***
Share of UNGA votes	3011	0.45	448	0.48	-0.03**

Note: See Tables A1 and A2 in the appendix for variable definitions and sources.

4. Panel Fixed-Effects Estimation Model

I test the hypothesis outlined in section 2 in a panel regression analysis, where the outcome variable is the logarithm of annual US bilateral ODA commitments to each recipient country. The panel variables are country and year. The reduced form of the estimation equation follows as:

$$LogAid_{i,t} = \sum_{n=1}^{3} Ideol_{i,t} + US_{i,t} + \sum_{n=1}^{3} Ideol_{i,t} * US_{i,t} + \Delta X'_{i,t} + \delta_i + \mu_t + \theta_l + e_{i,t} \quad (1)$$

Where, LogAid - is the natural logarithm of ODA commitments from the US to a recipient country i in period t in current US dollars. $\sum_{n=1}^{3} \gamma_n IDeol$ – is a set of dummies for the economic ideology of the recipient's de-facto leader, defined according to the left-right (authoritarian, right, center and left is the reference group) spectrum in year t. US is the education dummy for recipient leader i, which equals 1 if the leader is educated in the United States and 0 otherwise in year t. X' is a vector of control variables for the recipient and leader i in year t. Main control variables at the country level include unified democracy score (Pemtstein et al. 2010) to control for institutions and merit-based aid, GDP per capita, natural logarithm of population to control for recipients' need, natural logarithm of imports from the US to control for commercial interests, and share of votes in line with the US in the United Nations General Assembly to control for geopolitical motives (Dreher and Jensen, 2013). A similar set of control variables are frequently used in the aid allocation literature and they capture the altruistic (need-based) and strategic motives of aid allocation by donors. δ denotes country fixed effects, μ denotes year dummies, θ leader dummies and e is the error term. The coefficients on leader's education in the US and their economic ideology and the interaction term of the two are the parameters of interest. I estimate the equation (1) using a country fixed effects model with standard errors clustered by country. A fixed effects estimation model controls for country-specific and time-invariant omitted variables bias. Leader dummies control for leader-specific time-invariant omitted variable bias such as innate abilities, personal qualities and connections, field of study, educational institution, socioeconomic status, and etc. Thus, leader dummies a.k.a. leader fixed effects control for self- and donor-selection biases specific to a leader. Year dummies control for time-varying omitted variable bias that are common for all recipient countries, such as changes in US ideology, US income levels, global financial crises, oil price shocks, and etc. Hence, the identification comes from the changes between leaders, controlled for leader time-invariant characteristics in the form of leader dummies, and within countries over time. Time-varying and recipient-specific omitted variables are included in regression analysis as control variables in robustness tests. In addition to this, the identification strategy here assumes that there is no contemporaneous or short-term reverse causality between annual US aid commitments and the leader's education in the US, because the latter had taken place long before decisions on U.S aid commitments were made.

In the regression analysis, US education and ideology are binary variables. This implies that when US education variable turns from 0 to 1 or vice versa, it indicates a leader change in year t, since none of the leaders in the data changed their education from non-US to US

during their leadership. Thus, in a contemporaneous specifications the identification comes from the first year in the office.

In terms of economic ideology, one could argue that US aid influences the choice of economic policies of the recipient country. While this is well plausible, it is unlikely that it will drastically change the party orientation of the chief executive (leader) in such a short-term. Additionally, I present 'placebo-like' tests for US education by replacing it with UK and French education. Furthermore, I conduct a heterogeneity analysis by sample, region and US leader ideology. The results are presented in the next sections.

5. Empirical Results

In Table 2, I present the results of the fixed effects regression analysis on the allocation of US aid. The regression results from columns 1 to 4 show contemporaneous effects without including the leader dummies. This helps to see how results change once leader dummies are included in column 5. In column 1, I include one of the variables of interest: a binary variable for US education that equals 1 if the aid-recipient country leader in year t is educated in the US and 0 otherwise. Although, the t-tests in Table 1 show that US educated leaders receive more aid compared to non-US educated leaders, the regression analysis indicates that that difference is not statistically significant when controlling for income, imports from the US, UNGA voting pattern, democracy levels, and etc. In column 2, I include the second set of variables of interest: dummies for the economic ideology of the leader. The coefficients on the binary variables for the right, center and authoritarian ideologies (left is the reference variable) are not statistically different from the coefficient of the left at the conventional levels. That is, I do not find evidence that the US allocates more or less aid depending on the economic ideology of the recipient country leader, ceteris paribus. In column 3, the results do not change when all of the variables of interest are included. According to the hypothesis in this paper, US aid allocation decisions may depend not only on whether the leader has a US education or right-leaning economic ideology, but rather that both have to be present at the same time. In such a case, I expect larger aid flows from the US to recipients with US educated and right-leaning leaders. Therefore, in column 4, I include the interaction terms of US education and economic ideology dummies. The results show that US educated left-leaning leaders receive about 37 percent less aid compared to right-leaning US educated leaders[12] and 17 percent less aid compared to those with an authoritarian economic ideology, statistically significant at the one percent level, contemporaneously.

[12]Since the relationship is log-linear, the effect size is calculated based on the following formula $\%\Delta Y = 100(e^b - 1)$, where b is the coefficient of interest. $\%\Delta Y$ is the percentage change in the outcome variable. In

Table 2 – The effects of US education and ideology on US aid allocation. 1981-2010.

	(1)	(2)	(3)	(4)	(5)
US educated	0.05		0.00	-0.63***	0.01
	(0.17)		(0.16)	(0.19)	(0.41)
Authoritarian		0.04	0.04	-0.07	-0.34
		(0.16)	(0.16)	(0.16)	(0.22)
Right		0.02	0.02	-0.14	-0.16
		(0.15)	(0.15)	(0.16)	(0.13)
Center		-0.16	-0.17	-0.21	-0.07
		(0.19)	(0.19)	(0.20)	(0.25)
US educated*Authoritarian				0.79***	0.53
				(0.27)	(0.39)
US educated*Right				0.95***	0.57**
				(0.19)	(0.26)
US educated*Center				0.49	-0.01
				(0.33)	(0.32)
Education level	-0.02	-0.02	-0.02	-0.02	0.07***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)
GDP p.c. (log)	-0.72***	-0.66***	-0.66***	-0.65***	-0.44***
	(0.15)	(0.14)	(0.14)	(0.14)	(0.14)
Population (log)	0.18	0.15	0.17	0.09	-0.01
	(0.53)	(0.52)	(0.52)	(0.53)	(0.76)
US Imports (log)	0.32***	0.31***	0.31***	0.31***	0.24***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Share of UNGA votes	1.20***	1.10***	1.10***	1.09***	0.83***
	(0.38)	(0.37)	(0.37)	(0.37)	(0.26)
Democracy	0.42***	0.44***	0.44***	0.44***	0.33**
	(0.13)	(0.13)	(0.13)	(0.12)	(0.16)
Constant	3.77	3.80	3.50	4.83	4.80
	(8.37)	(8.18)	(8.21)	(8.31)	(12.17)
Year-FE	Yes	Yes	Yes	Yes	Yes
Leader-FE	No	No	No	No	Yes
Country FE	Yes	Yes	Yes	Yes	Yes
Number of countries	143	143	143	143	143
Years	25	25	25	25	25
Observations	3239	3208	3206	3206	3206
R2_within	0.18	0.17	0.17	0.18	0.57
R2_overall	0.37	0.36	0.36	0.36	0.18

Note: Panel level variables are country and year. All columns include country and year fixed effects. Column 5 includes leader dummies (Leader-FE). The dependent variable is the natural logarithm of annual ODA commitments (current US dollars). Standard errors are clustered by country. Significance levels: *p<0.10, ** p<0.05, *** p<0.01.

I further control for unobserved heterogeneity in terms of self- and donor-selection bias in column 5. It is possible that leaders' American education and their economic views are correlated with unobservable personal characteristics (i.e., negotiation skills, charisma,

this case, it is the percentage change in US aid when the education and ideology dummy is changed from 0 to , hence $100(e^{(0.948-0.630)}-1)=37\%$.

diplomacy), which in turn attract more US aid. On the other hand, US intervention (via its aid) in recipient country politics may lead to the selection of certain candidate as a country leader. Both of these factors (personal aptitudes and the mode of coming into power) can be viewed as leader-invariant over time. In column 5, I include leader dummies to control for these biases, which in turn, reduces the coefficient size of the interaction between US education and right ideology, statistical significant at the five percent level. The coefficient for the US educated reference category (left) becomes negligible. This result implies that time-invariant leader characteristics are important determinants of changes in US aid commitments.

In Table 3, I use lagged values of control variables in columns 2-3 to capture effects coming from country's previous performance that could have led to the election of certain leader. While in columns 3 and 4, I use lagged US education and ideology variables to separately analyze the effects for the new (without lag) and "tenured" (two year lag as proxy for 2 years in the office) leaders.

Column 1, Table 3, shows regression results without lags for the comparison purposes once lagged variables are introduced. It could be the case that previous country performance affects US aid commitments in the following years. In column 2, I use the second lags of the control variables to allow for Granger causality for these variables. This increases the within R-squared up to almost 60 percent and the overall R-squared up to 36 percent and weakens the statistical significance of the interaction term of right and US educated. Thus, previous country performance may be partially responsible for the effects detected in column 1 for US educated right leader coming into power, especially the voting in UNGA seems to be important, in line with the findings of Dreher and Jensen (2013). Furthermore, column 3 includes second lag of US education and ideology variables. This is meant to test whether the effects found in column 1 on the interaction term of US educated*Right hold after two years or apply only to the first year of leadership (the change in the US educated variable implies change in the leader). [13] In the case of second lags, the statistical significance of US education*Right interaction coefficient does not hold anymore, indicating that the effects found in column 1 apply to first year – newly elected leaders. In column 4, I do not include leader dummies to allow for selection bias. The results imply that in the long run, the US educated right leaders receive around 25 percent more aid driven by time-invariant leader-specific characteristics not captured by US education or right ideology.

[13] In the few cases where one US educated leader transfers the power to another US educated leader, the lagged effect becomes similar to the contemporaneous effect.

Table 3 – Lagged effects

	(1)	(2)	(3)	(4)
US educated	0.01	-0.23	-0.24	-0.56**
	(0.41)	(0.41)	(0.25)	(0.22)
US educated *Authoritarian	0.53	0.13	0.15	0.54**
	(0.39)	(0.42)	(0.27)	(0.26)
US educated *Right	0.57**	0.52*	0.28	0.77***
	(0.26)	(0.29)	(0.25)	(0.25)
US educated * Center	-0.01	-0.04	0.21	0.69**
	(0.32)	(0.28)	(0.28)	(0.32)
Authoritarian	-0.34	-0.30	0.08	0.02
	(0.22)	(0.19)	(0.20)	(0.17)
Right	-0.16	-0.22*	-0.03	-0.14
	(0.13)	(0.12)	(0.12)	(0.17)
Center	-0.07	-0.17	-0.07	-0.31*
	(0.25)	(0.16)	(0.19)	(0.16)
Education level	0.07***	0.04	0.02	0.01
	(0.02)	(0.03)	(0.03)	(0.04)
GDP p.c. (log)	-0.44***	-0.41***	-0.37***	-0.59***
	(0.14)	(0.12)	(0.12)	(0.12)
Population (log)	-0.01	0.98	1.05	1.27**
	(0.76)	(0.87)	(0.88)	(0.57)
US Imports (log)	0.24***	0.11**	0.11**	0.20***
	(0.05)	(0.05)	(0.05)	(0.06)
Share of UNGA votes	0.83***	1.04***	0.99***	1.10***
	(0.26)	(0.30)	(0.32)	(0.40)
Democracy	0.33**	0.07	0.06	0.28**
	(0.16)	(0.12)	(0.13)	(0.14)
Year-FE	Yes	Yes	Yes	Yes
Leader-FE	Yes	Yes	Yes	No
Country FE	Yes	Yes	Yes	Yes
Twice lagged controls	No	Yes	Yes	Yes
Twice lagged US	No	No	Yes	Yes
Number of countries	143	143	143	143
Years	25	25	25	25
Observations	3206	3197	3204	3204
R2 within	0.57	0.59	0.58	0.17
R2 overall	0.18	0.36	0.35	0.29

Note: Panel level variables are country and year. All columns include country and year fixed effects. Leader dummies (Leader-FE) are included from column 1-4. The dependent variable is the natural logarithm of annual ODA commitments (current US dollars). Standard errors are clustered by country. Significance levels: *p<0.10, ** p<0.05, *** p<0.01.

Thus, in the long run leader-specific characteristics beyond ideology and US education play a crucial role for US aid commitments, while in the first year US education combined with right ideology may be perceived as a positive signal of alliance for US politicians and lead to more aid from the US.

In the next sections, I further test the robustness of the results in case of time-varying omitted variable bias and subsample analysis.

6. Time-varying omitted variable bias

Although the regression analysis in Table 2 and Table 3 control for the country- and leader-specific time-invariant characteristics they do not fully control for the time varying factors beyond the few economic and political controls included. For example, since most of the effects come from the first year of leader change, many institutional, economic and political factors may have become different after this change. Hence, to control for such ex-ante time-varying characteristics I include 3 sets of control variables on country level: institutional, economic and political time-varying variables lagged by one year.

In column 1 of Table 4, I include a set of institutional variables such as Corruption Index and Bureaucracy Quality from International Country Risk Database (ICRG, 2013) and Property Rights from the Economic Freedom Dataset. In terms of institutions, higher property rights lead to less US aid, which is most likely mere correlation rather than causality as stronger property rights are correlated with higher development outcomes, which leads to less aid. Nevertheless, other institutional variables do not seem to have any statistically significant effect nor does the inclusion of these variables alter the effect of the interaction term on US education*Right. In column 2, I include a set of time-varying economic variables again lagged by one year. It is not difficult to imagine that a country's tendency to move in the direction of greater economic freedom may affect what kind of leader is elected and how much US aid is committed. Hence, I include the level of economic freedom in a country, and trade as percentage of GDP, the inflation rate and government expenditure as a percentage of recipient's GDP in the spirit of Burnside and Dollar (2000). Beyond own macroeconomic indicators, it could be possible that US economic involvement in the country and US leaders economic ideology, may also influence a certain type of regime change.

Table 4 – Test for robustness of results in Table 2, column 5. Time-varying omitted variable bias.

	(1) Institutional	(2) Economic	(3) Political
US educated	0.31	0.26	0.34
	(0.39)	(0.37)	(0.37)
US educated * Authoritarian	0.23	0.29	0.20
	(0.38)	(0.36)	(0.36)
US educated * Right	0.63**	0.66***	0.62**
	(0.26)	(0.25)	(0.25)
US educated * Center	0.04	0.11	0.11
	(0.28)	(0.26)	(0.27)
Authoritarian	-0.31	-0.32	-0.30
	(0.20)	(0.20)	(0.20)
Right	-0.25**	-0.25**	-0.23*
	(0.13)	(0.12)	(0.12)
Center	-0.11	-0.13	-0.11
	(0.18)	(0.18)	(0.17)
ICRG Corruption Index	0.02		
	(0.05)		
ICRG Bureaucracy Quality	0.09		
	(0.08)		
Property Rights	-0.01**		
	(0.00)		
US FDI/GDP		0.00	
		(0.01)	
Economic freedom		-0.01	
		(0.00)	
Overall trade/GDP		-0.00	
		(0.00)	
Inflation rate (log)		0.03	
		(0.03)	
Government Expenditure/GDP		-0.01	
		(0.01)	
US government=right		0.96***	
		(0.24)	
ICRG Internal Conflict			0.02
			(0.02)
Purges			0.09
			(0.14)
Revolutions			-0.00
			(0.06)
Riots			-0.02
			(0.02)
Guerrilla Warfare			0.03
			(0.10)
Government Crises			0.04
			(0.10)
General Strikes			-0.08**
			(0.04)
Assassinations			0.01
			(0.02)

Anti-Government Demonstrations			0.01
			(0.02)
US Troops(log)			0.06**
			(0.03)
Year-FE	Yes	Yes	Yes
Leader-FE	Yes	Yes	Yes
Country FE	Yes	Yes	Yes
Controls lagged	Yes	Yes	Yes
Number of countries	143	143	143
Years	25	25	25
Observations	3202	3202	3202
R2 within	0.59	0.59	0.59
R2 overall	0.33	0.33	0.34

Note: Panel level variables are country and year. All columns include country and year fixed effects and set of control variables included in Table 2. Leader dummies (Leader-FE) are included in all columns. The dependent variable is the natural logarithm of annual ODA commitments (current US dollars). Standard errors are clustered by country. Significance levels: *p<0.10, ** p<0.05, *** p<0.01.

Hence, column 2 includes a variable for the share of US foreign direct investment as percent of recipient's GDP as well as US leader's economic ideology, although the latter is already captured by year dummies. None of the additional economic variables is statistically significant nor does their inclusion influences the coefficient on the interaction term of US education and right ideology. In column 3, I include a set of political variables (domestic conflict events) mostly from the Cross-National Time-Series Data Archive (Banks, 2017) as well as number of US troops in a recipient country to control for US strategic interests. None of the variables on domestic unrest except from General Strikes show statistically significant relationship with US aid. On the other hand, number of US troops in the recipient country leads to more US aid commitments, on average. The coefficient on the interaction term on US education and right ideology stays positive and statistically significant at least at the five percent level through the columns 1-3. Thus, the findings in column 5, Table 2, do not seem to substantially suffer from institutional, economic and political time-varying omitted variable bias, of course to the extent that this bias is observed and measured.

In the next section I further test for the robustness of the main finding using "placebo-like" test, and explore the heterogeneity of the effects and outliers using subsample analysis.

7. Placebo Tests and Heterogeneity Analysis

In Table 5, I perform placebo-like tests to verify that the effect of more aid allocated to right-leaning US educated leaders is truly driven by the ideology of the recipient and from their US education, specifically. Therefore, in column 1, instead of the ideology of a recipient,

I include an interaction term between US educated leaders (recipient) and a US leader's (donor) ideology, while still controlling for the recipient's ideology. However, this interaction is not statistically significant at conventional levels; hence the effects are not driven by this type of match. In columns 2 and 3, I replace US education with UK and French education for the leaders. It is possible that an Anglo-Saxon or Western education is the factor driving the results and not a US education specifically. However, this does not seem to be the case as the coefficients of the interaction terms in the last two columns are not statistically significant at the conventional levels. The fact the I find evidence only in the case of US and US educated leaders is in line with studies by Kuziemko and Werker (2006), De Mesquita and Smith (2007), Stone (2008) and Dreher et al. (2008) that show that the political economy of aid is highly present in the US context.

In Table 6, I conduct an analysis of different subsamples to explore factors driving the results. In column 1, I exclude outliers, detected by using Cooks Distance approach. The results show the main finding on the interaction term between US education and right ideology are not driven by a few leaders in a few countries. In column 2, I exclude the Latin American sample, and the results for the coefficients of the interaction terms show that the key findings are not statistically significant without the Latin American sample. The importance of Latin American sample is not surprising for two reasons. First, as shown in Figure 3, most variation in US educated leaders comes from the Latin American sample. Second, it is likely that the US government uses foreign aid as a soft power tool especially in Latin America in order to establish and sustain itself as the regional power similar to the argument on commercial imperialism by Berger et al. (2013).[14] In Columns 3 and 4, I test whether the effects are driven by US left- or right-leaning leaders. The positive and statistically significant coefficient for the US right-leaning subsample (column 4) compared to the US left-leaning subsample (column 3) shows that such a strategy is not pursued by US leaders on the left but rather by those on the right. In column 5, all explanatory variables are lagged by two years as in Table 3, column 4, to analyze lasting effects of the US aid allocation. Contrary to the full sample, aid allocated by US right leaders to US educated right (and authoritarian) recipients lasts beyond the election year in the recipient countries. Furthermore, in columns 6, I exclude the Latin American country sample from the US right leaders subsample and in column 7 I again lag all the explanatory variables by two periods.

[14] I thank an anonymous reviewer for pointing this out.

Table 5 – Placebo tests, US education and economic ideology[15]

	(1)	(2) UK	(3) FRA
US educated	0.32*		
	(0.17)		
USgov right	1.02***		
	(0.24)		
US educated * USgov right	0.21		
	(0.15)		
Western education (UK/FRA)		-0.78*	0.26
		(0.41)	(0.39)
Western education * Authoritarian		0.37	-0.27
		(0.39)	(0.54)
Western education * Right		0.34	-0.05
		(0.23)	(0.61)
Western education * Center		0.78*	0.01
		(0.43)	(0.56)
Authoritarian	-0.28	-0.31	-0.26
	(0.20)	(0.22)	(0.22)
Right	-0.07	-0.11	-0.07
	(0.12)	(0.13)	(0.12)
Center	-0.12	-0.19	-0.14
	(0.19)	(0.21)	(0.22)
Year-FE	Yes	Yes	Yes
Leader-FE	Yes	Yes	Yes
Country-FE	Yes	Yes	Yes
Number of countries	143	143	143
Years	25	25	25
Observations	3206	3208	3208
R2_within	0.57	0.57	0.57
R2_overall	0.17	0.16	0.18

Note: Panel level variables are country and year. All columns include country and year fixed effects and set of control variables included in Table 2. Leader dummies (Leader-FE) are also included in all columns. The dependent variable is the natural logarithm of annual ODA commitments (current US dollars). US Gov Right equals 1 if the chief executive of US government (president) is from a right-leaning party (Republican), 0 otherwise (Democrats). In Column 2, western education equals 1 if the leader has been educated in the UK and 0 otherwise. In column 3, western education equals 1 if the leader has been educated in France and 0 otherwise. Standard errors are clustered by country. Significance levels: *p<0.10, ** p<0.05, *** p<0.01.

This exercise shows that in case of US right leaders (Republicans), the statistically significant difference in the allocation of US aid between US educated left and US educated right (and authoritarian) leaders is robust to the exclusion of the Latin American sample and it lasts beyond the first (transition) year. The values for the overall and within R-squared imply that the largest variation in US aid commitments is explained by the subsample of US right

[15] I have also tested the hypothesis of this paper in the case of French and UK educated leaders and UK and French aid respectively. The regression analysis shows that the null hypothesis cannot be rejected neither in the case of the UK or nor France. This implies that donor strategies are not subject to generalization and each donor implements its best strategy at hand.

leaders. This heterogeneity analysis suggests that the US right leaders allocate about 30-50 percent (depending on the country sample, columns 5 and 6) more aid to US educated right-leaning (and authoritarian) leaders compared to US educated left-leaning leaders, lasting beyond the leader change year in recipient countries and independent of Latin American sample.

Table 6 – Outliers, heterogeneity analysis by region and US leader ideology

	(1) w/o Outliers	(2) w/o LCN	(3) USleft	(4) USright	(5) USright	(6) USright & w/o LCN	(7) USright & w/o LCN
US educated	0.00	0.10	-1.02**	-0.34	-0.74**	-0.86***	-1.37***
	(0.41)	(0.80)	(0.40)	(0.36)	(0.36)	(0.31)	(0.50)
US educated*Auth.	0.53	0.48	0.06	0.86**	0.74**	1.40***	1.48***
	(0.39)	(0.79)	(0.40)	(0.35)	(0.35)	(0.30)	(0.44)
US educated*Right	0.57**	0.39	0.47	0.81***	0.73**	1.55*	1.66**
	(0.26)	(0.51)	(0.39)	(0.27)	(0.36)	(0.89)	(0.79)
US educated*Center	-0.01	-1.00	-0.29	0.61*	1.00**	0.17	1.90***
	(0.32)	(0.89)	(0.49)	(0.36)	(0.39)	(0.47)	(0.71)
Authoritarian	-0.34	-0.34	-0.35	-0.40*	-0.00	-0.51*	-0.05
	(0.22)	(0.24)	(0.22)	(0.24)	(0.17)	(0.28)	(0.23)
Right	-0.16	-0.19	-0.03	-0.31*	-0.13	-0.52**	-0.24
	(0.13)	(0.17)	(0.22)	(0.16)	(0.13)	(0.22)	(0.19)
Center	-0.07	0.07	0.11	-0.18	-0.50*	0.04	-0.60**
	(0.25)	(0.31)	(0.28)	(0.32)	(0.29)	(0.44)	(0.23)
Year-FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leader-FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country-FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Twice_lagged_cntrls	No	No	No	No	Yes	No	Yes
Twice_lagged_US	No	No	No	No	Yes	No	Yes
Number of countries	143	116	141	143	143	116	116
Years	25	25	8	25	25	25	25
Observations	3200	2521	1079	2127	2099	1652	1630
R2_within	0.57	0.54	0.39	0.64	0.62	0.62	0.61
R2_overall	0.19	0.27	0.12	0.39	0.37	0.33	0.30

Note: Panel level variables are country and year. All columns include country and year fixed effects, and the set of control variables as in Table 2. Leader dummies (Leader-FE) are included in all columns. The dependent variable is the natural logarithm of annual ODA commitments (current US dollars). Outliers in column 1 are detected using Cooks Distance approach. Column 2, 6 and 7 exclude Latin American countries. Standard errors are clustered by country. Significance levels: *p<0.10, ** p<0.05, *** p<0.01.

8. Concluding Remarks

In this paper, I hypothesize that the US commits more aid to those recipients who have been educated in the US, conditional on the shared economic ideology of a liberal markets economy. Using panel data covering 143 countries over 20 years and 896 leaders, 15 percent of which have an American education, I find that right-leaning US educated leaders indeed receive 30 percent more aid, on average, than left-leaning US educated leaders statistically significant at least at the five percent level. I include leader dummies to control for self- and donor-selection biases as well as run placebo tests for the US education variable. In addition, I exclude the Latin American sample, where most leaders have a US education and experiment with subsamples of left- and right-leaning American leaders. The latter analysis shows that the difference in the US allocation of aid is driven by US right-leaning leaders.

Thus, I find robust empirical support for the hypothesis in this paper in the case of US right-leaning leaders but not in the case of US left-leaning leaders. In general, these findings imply that, on average, the US uses its soft power (more aid for US educated right-leaning and authoritarian leaders) to support right-leaning or authoritarian economies, and discourage the spread of leftist economic policies among its aid recipients.

One could interpret these results either as evidence of a strategy to establish ideological imperialism or a strategy to allocate aid more effectively via the matching of donor-recipient ideologies and values (Dreher, Minasyan, and Nunnenkamp 2015; Minasyan 2016). A win-win situation could be achieved, if donors match their aid with recipients based on shared ideas and values, but not at the expense of other recipients or the suppression of a recipient's interests. Also, in many donor countries, including in the US, development aid agencies are an integral part of their foreign affair ministries, which makes aid decisions dependent on the donor's foreign policy interests (Gulrajani 2015). Therefore, the independence of development agencies from foreign affairs ministries may partly resolve the concerns related to the spread of economic ideologies by dominant donors.

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Appendix

Table A1. Variable definition and sources.

Variable	Definition	Source
US ODA commitments (log)	Natural logarithm of annual bilateral ODA commitments from the US to each recipient.	Table DAC2a, DAC(2012).
US educated	A binary variable equals 1, if a leader is educated in the US and 0 otherwise.	Updated version of Archigos 2.9 from Dreher and Yu (2016).
Economic ideology: Right, Center, left, Authoritarian	A binary variable for the party orientation of chief executive (leader) in regards to economic policies.	World Bank Database of Political Institutions. Beck et. al (2001).
Education level	A categorical variable for education level of aid-recipient country leader ranging from illiterate to doctorate level.	Edited version of Archigos 2.9 from Dreher and Yu (2016).
GDP p.c. (log)	Natural logarithm of annual GDP p.c. in international prices.	World Development Indicators. World Bank. (2015).
Population (log)	Natural logarithm of annual population in the recipient country.	World Development Indicators. World Bank. 2015.
Imports from the US (log)	Natural logarithm of annual imports from the US by the recipient country.	Correlates of War (COW) Bilateral Trade v3.0. Barbieri et al. (2009; 2012).
Share of UNGA votes	Annual share of aid-recipient country votes in line with the US stands on the key issues.	Dreher and Sturm (2012).
Unified Democracy	Continuous variable (-2, 2), unified measure of democracy.	Pemstein et al. (2010).
Ideology of USG=Right, Left	A binary variable for the party orientation of chief executive of the US (President) in regards to economic policies.	World Bank Database of Political Institutions. Beck et. al (2001).
US FDI as % of GDP	Share of annual US foreign direct investment in recipient's GDP.	UNCTAD, Bilateral FDI Statistics (2014).
Number of US troops (log)	Natural log of annual number of US troops in the recipient country.	Kane (2011).
Economic freedom index	Overall score for economic freedom annually. The score ranges from 0-100, the higher the score the freer the country.	Economic Freedom Dataset. Gwartney et al. (2014).
Military expenditure as % of GDP	Share of annual military expenditures in recipient's GDP.	World Development Indicators. World Bank. 2015
Total trade as % of GDP	Share of annual trade (imports+exports) in recipient's GDP.	World Development Indicators. World Bank. 2015
Inflation rate (log)	Natural logarithm of (1+consumer price) annual inflation.	World Development Indicators. World Bank. 2015
Government expenditure as % GDP	Share of government expenditure in recipient's GDP.	World Development Indicators. World Bank. 2015

Table A2. List of countries coded as 'Authoritarian' in this study and, correspondingly, "undefined" in the Database of Political Institutions.

Country code	Period	Country code	Period	Country code	Period
AFG	1993 - 2001	GMB	1995 - 2010	PAK	1978 - 2008
ARE	1975 - 2010	GNB	2000 - 2009	PAN	1975 - 2010
ARG	1977 - 1983	GNQ	1975 - 2010	PER	1975 - 1980
ARM	1991 - 2010	GTM	1975 - 1995	PHL	1975 - 2000
AZE	1993 - 2010	HND	1975 - 1981	PNG	1998 - 2010
BDI	1975 - 2010	HTI	1975 - 2010	POL	1991 - 1995
BEN	1996 - 2010	IDN	1975 - 2010	QAT	1975 - 2010
BFA	2003 - 2010	IRN	1975 - 2010	ROU	1992 - 2010
BGD	1976 - 2010	IRQ	1975 - 2010	RUS	1992 - 2008
BGR	1991 - 2009	JOR	1975 - 2010	RWA	1975 - 2010
BHR	1975 - 2010	KAZ	1992 - 1993	SAU	1975 - 2010
BIH	1995 - 2010	KEN	1975 - 2010	SDN	1975 - 2010
BLR	1995 - 2010	KGZ	2001 - 2010	SGP	1975 - 2010
BOL	1980 - 1982	KHM	1994 - 2000	SLB	1994 - 2010
BRN	1975 - 2010	KWT	1975 - 2010	SLE	1993 - 2007
BTN	1975 - 2010	LBN	1989 - 2008	SLV	1980 - 1984
CAF	1980 - 1993	LBR	1981 - 2010	SOM	1975 - 1990
CIV	1975 - 2000	LKA	2006 - 2010	SRB	1992 - 1992
CMR	1975 - 2010	LSO	1987 - 1993	SUR	1976 - 2010
COD	1975 - 2010	LTU	1998 - 2010	SVK	1999 - 2006
COL	2003 - 2010	MAR	1975 - 2010	SWZ	1975 - 2010
COM	1976 - 2006	MDG	1994 - 2010	SYR	1975 - 2010
CYP	1975 - 1993	MDV	1975 - 2008	TCD	1975 - 2010
CZE	2007 - 2010	MKD	1999 - 2010	TGO	1975 - 2010
DJI	1978 - 2010	MLI	1975 - 2010	THA	1975 - 2010
DZA	1993 - 1999	MMR	1989 - 2010	TLS	2003 - 2010
ECU	1975 - 2005	MNG	1994 - 2010	TUR	1981 - 2010
EGY	1975 - 2010	MRT	1975 - 2010	UGA	1975 - 2010
ERI	1994 - 2010	MUS	1996 - 2009	UKR	2003 - 2010
EST	2002 - 2010	MWI	1975 - 1994	URY	1977 - 1984
ETH	1992 - 2010	MYS	1975 - 2010	UZB	2008 - 2010
FJI	1988 - 2010	NER	1975 - 2010	VEN	1979 - 2010
GAB	1975 - 2010	NGA	1975 - 1999	YEM	1975 - 2010
GEO	2005 - 2010	NIC	1991 - 2006	ZWE	1975 - 2010
GHA	1980 - 2000	NPL	1975 - 2007		
GIN	1985 - 2010	OMN	1975 - 2010		

Table A3. Comparison of DPI values with DW-Nominate values for the US.

Congress No.	Presidential years	Name	Party leader orientation DPI	DW_party	DW_ideol	dwnom1
93-94	1973-1976	FORD	right	right	right	0,486
95-96	1977-1980	CARTER	left	left	left	-0,729
97-100	1981-1988	REAGAN	right	right	right	0,738
101-102	1989-1992	BUSH	right	right	right	0,649
103-106	1993-1998	CLINTON	left	left	left	-0,480
107-110	2001-2008	BUSH Jr	right	right	right	0,981
111-113	2009-2014	OBAMA	left	left	left	-0,378

Note: This table compares coding of party orientation in DPI with that of DW-Nominate for the case of US leaders. Columns 4 and 5 show that the coding is the same also in terms of ideology based on DW scores, where dwnom1 indicates voting pattern for certain policies in the Congress. Negative sign of the votes indicates left-leaning ideology and positive sign of votes indicates right-leaning ideology(Carroll et al. 2009) .